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SUBJECT: PRT/PANJSHIR: THE ECONOMIC OUTLOOK

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B)KABUL 00452

Summary

1. (U) The U.S.-led assistance effort is transforming the economy of Panjshir Province, leading to what the Governor calls the new prosperity. He cites four areas for economic growth: commerce, facilitated by an improved road network; tourism, attracting visitors primarily from Kabul; agriculture and fish farms, utilizing the water supply of the Panjshir River; and mining of precious stones, especially emeralds. Most economic activity is still stamped by traditional patterns of growing crops and raising livestock. PRT projects, focused on infrastructure improvement and power generation, represent the single largest force of economic change in the province. End Summary.

2. (U) This is the third message in a three-part series. The first dealt with the security environment in the Panjshir; the second, with the political context. See reftels.

The New Prosperity

3. (U) In his speeches and talks, Governor Bahlul calls the U.S.-led assistance effort the engine of the new prosperity. He has tried to rally the Panjshiris behind the PRT as the on-site representation of this effort. He often points to the U.S. road projects as tangible proof of progress, both in terms of improving the infrastructure and employing Panjshiris. Road construction represents the top development priority for the Governor, followed by power generation.

4. (U) Our contacts characterize Panjshir as a poor province, still suffering from years of conflict and isolation. Obstacles to growth include outmoded agricultural practices, a paucity of arable land, a primitive road network, and a labor exodus. But they also cite positive factors that could drive economic growth, such as a secure environment, the clean water of the Panjshir River, the natural beauty, agricultural and mineral wealth, the national prominence of the Massoud tomb, and proximity to the capital city of Kabul.

5. (U) The defeat of the Taliban in late 2001 led to several economic consequences in Panjshir. Above all, it ended the besieged isolation of the valley and opened the way for labor migration to Kabul. Elders, in the village of Speaker Qanooni, told us that over half of the local workforce had moved to Kabul in search of jobs. The opportunity for education also draws Panjshiris to the capital. We have heard these workers would have stayed in Panjshir but could not find employment. Financial support flows from Kabul back to families in Panjshir.

The New Agenda

6. (U) In his meeting with the Charge and other diplomatic guests Jan. 21, Governor Bahlul outlined his economic agenda for the near and medium term. He cited four areas:

Commerce: According to the Governor the completion of the main valley road, now under construction

funded by the U.S., will transform the province. He said it would connect products with markets, both within the province and with the outside world.

Tourism: The Governor highlighted the many attractions of Panjshir: pristine beauty, mountainous terrain, clean air and proximity to Kabul, the largest city in the country. He also told the diplomats that the province needed international investment and expertise to develop the tourist sector.

Agriculture and Fish Farms: The Governor hoped to exploit the clean water of the Panjshir River to irrigate crops and establish fish farms, especially for trout. In his view, Kabul, some 60 miles away, would represent the main market.

Mining of precious stones: The Panjshiri emerald deposits, according to the Governor, were second only to Brazil. He also cited lapis mines, just north of Panjshir. Profitable extraction required good roads, both to the south to Kabul and the north to Tajikistan.

The Old Economy

17. (U) Most resident Panjshiris, probably over eighty percent, are dependent upon the land for survival. Aside from village retail bazaars and limited construction, security and service jobs, the vibrancy of the economy depends upon good crops and healthy animals.

18. (U) In a recent meeting, Wolesei Jirga member Registani called agriculture one of the five pillars of the provincial economy, and cited it first in importance. He encouraged multiple smaller development projects. Of particular concern to him was the wild river, the Panjshir, which is the life support of agriculture in the valley. Because it is shallow and prone to flooding and meandering, he stressed water management needs.

19. (U) Given the paucity of arable land, tree crops of fruits and nuts are the most important horticultural or agronomic crops. Poppies are not cultivated, according to contacts among farmers and officials. Although ill-suited to expansive tracts, some terraced and valley land produces winter or summer wheat, corn and vegetables. Rokha, Dara and Paryan districts are reported to be the predominant area for field crops. Diseases and pests impact yields. Few technical resources or control systems exist to minimize their damage.

110. (U) Currently, mulberries and apples are the predominant tree crops. Khenj and Bazarak represent the highest orchard producing districts, followed by Dara. Because of poverty, warfare, harsh winters and drought, much deforestation throughout the valley has contributed to desertification and erosion in many areas of the province.

111. (U) Reforestation and orchard rehabilitation are leading priorities of agriculture ministry officials in Panjshir. They particularly want to increase almond and apricot production.

112. (U) Water management is another high priority. Panjshir Valley is graced with reasonably good water resources. However, because of the shallow nature of the river, it varies in its course. The result is flooding and subsequent loss of arable land or destruction of water management devices such as retaining walls, gabions and canals. And when the river diverts, it may also result in an inadequate supply of water to previously served canals. PRT irrigation canal projects continue to try to address the vagaries of the river.

113. (U) Livestock are important throughout the province, but especially in Paryan and Anabah districts. Kuchis graze large sheep and goat flocks throughout the valley. They leave the valley in fall for warmer locations in the south of Afghanistan. Panjshiris, too, raise sheep and goats. Goat flocks may be up to 500-600 animals and are quite winter hardy. Most families owning cattle have only 3-4, used for plowing and, to a lesser extent, food. Poultry is small scale only, with the average holding of 15-20 birds, mostly chickens, but also the occasional turkeys, ducks and geese.

Comment

14. (U) U.S. projects are transforming Panjshir. Progress is tangible. A new prosperity in relative terms is dawning. For the PRT, there are several consequences: First, the Panjshiris have embraced our presence and, indeed, have called on us in droves to propose new projects. Second, this local acceptance has consolidated the secure operating environment for the PRT. Third, the Governor has allied himself closely with the PRT, so that our success boosts his standing.

NEUMANN